

Remarks Following a Meeting With President Luiz Inacio Lula da Silva of Brazil and an Exchange With Reporters

March 14, 2009

President Obama. Hello, everybody. Sorry to make you guys work on a Saturday. The President and I just had a wonderful meeting. I have been a great admirer of Brazil and a great admirer of the progressive, forward-looking leadership that President Lula has shown throughout Latin America and throughout the world.

We have a very strong friendship between the two countries, but we can always make it stronger, and in areas like energy and biofuels, in the interest in increasing the standards of living in impoverished countries throughout Latin America, expanding trade relationships, you know, the President and I had a wonderful meeting of the minds.

And I'm grateful that he took the time to visit with us. We intend to have a host of meetings at a ministerial level in the coming days and weeks, both in preparation of—for the G–20, to coordinate our activities to strengthen global economic growth; also in anticipation of the Summit of the Americas that will be taking place in April, so that we can have a proactive strategy that uses the strength of the U.S.-Brazilian relationship to strengthen ties throughout the hemisphere. So I'm very grateful to him for taking the time to visit, and I'm looking forward to reciprocating in a visit to Brazil sometime soon.

President Lula da Silva. First of all, I'd like to say that we have shown very good relations between the U.S. and Brazil.

Secondly, I mention the importance of President Obama's election, what it represents to the world and especially to Latin America.

The third issue that we discussed is the economic crisis that the world is facing today. President Obama and myself are truly convinced that the economic crisis can be resolved by political decisions that could be made on the G–20 meeting.

We need to restore credibility, vis-a-vis society, with the financial system. We need to restore credibility and trust of the people, vis-a-vis the governments, and for that we need to make credit flowing and pouring in all countries and also to facilitate trade flow amongst different countries. And we will work together to build a proposal for the G–20 meeting. I believe that is extremely important, that all the rulers and leaders that will participate in the G–20 meeting should be convinced that we have to make more quicker decisions.

That is to say, the number of unemployed people are increasing in the world, and the unemployed of today is a social problem of tomorrow. Because—we have to take care of this issue very seriously because we already see migrant workers facing many problems in different countries.

We also discussed other matters that are of common interest in the U.S.-Brazil relations. The possibility for us to do some joint work vis-a-vis Africa, to try to establish a development policy for Latin America, and mainly to strengthen our relations and what has to do with biofuels. And I also believe that President Obama carries the responsibility and has a unique and exceptional position to improve the relationships with Latin America.

And I told President Obama that I know it won't be easy, but we should try to reopen the Doha round negotiations. And I also told President Obama, that in the public rallies that I have in Brazil, that I tell to the Brazilian people, I'm praying more for him than I pray for myself. Because with just 40 days in office, to suffer and to face such a terrible crisis the U.S. is facing today, I don't want to be in his position. [Laughter]

President Obama. Well, I tell you what, you sound like you've been talking to my wife. [Laughter]

We're going to call on a couple of reporters. I'm going to start with Mark Knoller at CBS Radio.

U.S. Government Securities/U.S. Financial Markets

Q. Yes, Mr. President. China's Premier is worried about the trillion dollars his Government has invested in U.S. Government securities. He wants a guarantee. Is there something you can say to him to allay his concerns?

And, President Lula, your Government also has investments in U.S. Government securities. Are you worried about them as well?

President Obama. Well, I think that there's a reason why even in the midst of this economic crisis you've seen actual increases in investment flows here into the United States. I think it's a recognition that the stability not only of our economic system, but also our political system, is extraordinary.

And so I think that not just the Chinese Government, but every investor, can have absolute confidence in the soundness of investments in the United States. And that is not just in U.S.-issued Treasury notes, but also in the private sector and the commerce and the industry that has made this the most dynamic economy in the world.

There was a question directed to President Lula.

President Lula da Silva. I believe that we do have a concern. What is the basic concern? As the money from the emerging countries, there's some flight to buy Treasury bonds in countries like the U.S., then we'll have less money in our domestic market, so that we can put to work industrial sector. This is a problem that we will have to discuss at the G-20 meeting.

I say every day, Brazil was the last country to be affected by the crisis, but we also have the possibility to be one of the first countries to resolve and get out of the crisis. We're not facing any problem in our financial system. Maybe we can face some problems with our exports and with a credit crunch. But the truth of the matter is that money has vanished, and if we don't make credit supply flowing again, then yes, the crisis could deepen in our countries. So that's why I believe it's urgent to reestablish credit supply in the world.

Energy/Alternative Fuel Sources/Trade

Q. I have a question for President Lula and a question for President Obama. President Lula said that during their meeting they talked about energy, President Obama talked about a possible partnership for energy within the hemisphere. So the question I have is, can't this partnership get off balance? Because there's a lot of interest in the future of Brazilian oil; however, Brazilians do not understand today how come that a fuel that is a clean fuel, that is renewable fuel can't reach the U.S. market because of duties, whereas the same product, essential clean fuel, in the United States gets incentives. And where would be the balance between these two issues?

President Obama. Is that directed at me? Well, look, I think Brazil has shown extraordinary leadership when it comes to biofuels. And I've been a great admirer of the steps that have been taken by President Lula's Government in pursuing biofuels and developing them. And that's—this is an investment that Brazil has made for a very long time.

My policies coming into this administration have been to redouble efforts here in the United States to pursue a similar path of clean energy development. And I think we have a lot to learn from Brazil.

As I mentioned to President Lula, I think that we have the potential to exchange ideas, technology to build on the biodiesel cooperation structure that we've already established. I know that the issue of Brazilian ethanol coming into the United States has been a source of tension between the two countries. It's not going to change overnight, but I do think that as we continue to build exchanges of ideas, commerce, trade around the issue of biodiesel, that over time this source of tension can get resolved.

President Lula da Silva. This is the very first meeting that we have between the Brazilian administration and President Obama's administration to discuss this issue. Actually, my answer is built in your question. I can't also understand while the world is concerned with climate change and with carbon emissions that bring greenhouse effect—[inaudible]—fuel is—gets tariffs and clean fuel is—also gets tariffs. I have discussed this already with Angela Merkel, with Tony Blair when he was Prime Minister, with President of France Sarkozy, with former President Bush.

I never expect an immediate answer; this is a process. As times goes by, Brazil is proving that biofuel is an extraordinary alternative. And slowly the countries will be convinced of this. And slowly other countries will join the biofuel effort. That's what I believe in.

A seminar will be held in New York City on Monday, where I will attend, and this will be a strong issue that will be discussed there. I talked with President Obama about the possibility for us to build partnerships and—with third-party countries, especially a joint project with the African Continent. And things will move forward as people start changing. No one can change overnight, in terms of their energy matrix. Thank God for 30 years Brazil has already control—technological control and know-how on this issue.

And when President Obama comes to visit Brazil, I'm going to ask him to get inside a car that is run by a flex-fuel engine, and he will feel very comfortable.

President Obama. I actually had a flex-fuel vehicle. But one of the problems here in the United States is, is that we don't have enough gas stations that have biofuels in them. So that's one of the areas that we need to change, our distribution networks here in the United States.

We've got Jeff Mason [Reuters]?

Upcoming G-20 Meeting/Global Financial Markets

Q. Yes, sir, right here. Mr. President and Mr. President, you mentioned the G-20. Do you intend to work together on moves related to fiscal stimulus? Did you ask the President to join the side of the U.S. in pushing for fiscal stimulus over financial regulation? And, Mr. President, do you side with the Europeans or with the U.S. on that issue?

President Obama. Jeff, I'm glad you gave me the opportunity to address this. I don't know where this notion has emerged that somehow there are sides developing with respect to the G-20. They're not emerging from Tim Geithner, they're not coming from Larry Summers, and

they're not coming from me. So unless you have some secret source in the administration, if you will follow the track of this storyline, it is completely contrary to what our policies are.

Look, this is not a either/or question; this is a both/and question. We do believe that it is important for all countries around the world to step in and figure out how we can ensure that we are compensating for the drastic contraction in global demand. We're not unique in that position. Gordon Brown feels the same way, as does President Hu in China. Kevin Rudd has taken similar steps in Australia. And the Europeans have taken some steps with respect to stimulus and increasing global demand.

Not every country is going to do the same levels. I think it would be useful if we have a international body that is getting—that is accounting for how much stimulus is taking place out there, just so that, you know, various foreign ministries can keep track of what's happening with respect to global demand.

But as I've said here in this country, and I will repeat in the G-20, fiscal stimulus is only one leg in the stool. We have to do financial regulation, and nobody is going to be a more vigorous promoter of the need for a reform of our financial systems. I think most of those initiatives are going to be taking place in individual countries, but there's going to need to be coordination between the various countries.

And I've already spoken to my economic team, along with Members of Congress, and I've said to the American people, we are going to be moving very aggressively to make sure that the systemic risks that exist right now, that we are dealing with those so that this kind of crisis will not happen again.

So I can't be clearer in saying that there are no sides. This is a phony debate that I think has been—has evolved over the last few days in the news cycle. We think that we have to take a whole range of approaches. Financial regulation is front and center in terms of issues that we want to deal with. We also think we've got to see worldwide, concerted action to make sure that the massive contraction in demand is dealt with.

And then there are going to be other steps to deal with emerging markets, for example, and what are we doing to help them get access to credit, very poor countries—figuring out how do we make sure that their food supplies are adequately dealt with.

So there are going to be a host of issues that we have to deal with. But in my mind, at least, there is no conflict or contradiction between the positions of the G-20 countries and how we're going to be moving forward. There's going to be differences in details. Those are being worked out right now. I expect to have a productive meeting.

Sorry to take so long on the answer, but, you know, Jeff always does this to me.

President Lula da Silva. In Latin America, that's not a problem, Mr. President. Presidents talking too much, it's not a problem at all, because we all talk too much. [*Laughter*] But it's very good that you should take into account the following.

On April the 2d in London, the main leaders of the world would gather, and we cannot afford going to such a meeting and—just to discuss whom we should put the blame on. We have to sit in that roundtable and find a resolution to the crisis. We all know that we have to restore credit supply policies in the world. We have to have a special credit supply for the poorest countries and the underdeveloped countries. And that we also have to strengthen international institutions like the IMF, the World Bank, and so on.

So we will attend that meeting to make decisions. We are in a large ship and water is leaking. Now is the time to fix the leaking and make the economy go back to the tracks. And there are two key words: reestablish and restore credit in the world, and restore trust and confidence between—amongst the people. And then from there on we'll make the decisions. We can have some divergence at some time, but that belongs—it's proper to democracy.

I am confident that this crisis is a very delicate one, but at the same time, it is an extraordinary opportunity so that we can prove for those that elected us that we are capable to cope with major issues. Every country has to go back and start investing in infrastructure, in housing projects, in education, in health care.

The bottom line is that: what we need. And I'm sure that that's President Obama's concern, too. And my own concern is to create jobs, to create income and consumption and that on the—that it will also—that—unfold and generate new development.

So I'm very much optimistic. There's no individual way out for a country in this crisis; that we have to make joint decisions, and that's why I will go to London to participate in this discussion.

President Obama. One last question—[inaudible].

Trade/Global Financial Markets

Q. [Inaudible]—Mr. President.

President Obama. How are you?

Q. Good, thanks. You both have been criticizing—both of you criticized protectionism and warning people about the dangers of protectionism, especially in a crisis time like this one. However, Brazil refuses to make concessions that the U.S. thinks are important so that there—some progress can be done at WTO. At the same time, the U.S. adopts a stimulus package that prevents Brazilian businesses or companies to participate in projects that are financed by the stimulus package. Has there been any progress made in these two attitudes so that will give this whole discourse a practical tone?

President Obama. Well, we discussed this during the course of our meeting, and we are going to have our—Foreign Minister of Brazil and the Secretary of State for the United States, Senator—Secretary Clinton, discuss these issues in more detail.

I think it is very important for all countries to recognize that trade is an important engine for economic growth. I think there's a natural tendency at a time of economic difficulty—people losing their jobs, businesses closing—to want to focus inward and ensure that any sacrifices are taking place somewhere else, as opposed to here at home, because people are already going through tremendous hardships. That's true in Brazil; that's true here in the United States.

But I think that it is important for us to understand that, ultimately, U.S. businesses will benefit from our exports, that imports from Brazil can actually provide us access to products and services that consumers want here in the United States. I think the same is true in Brazil, the same is true worldwide. Our goal should be to at least not go backwards.

So, for example, the "Buy American" provision that was in our stimulus bill, my administration worked actively with our Congress to make sure that any provision in there did not violate WTO and will not be interpreted in a way that violates the WTO. And I'm sure that

President Lula is going to be taking similar steps in Brazil to make sure that we are not moving in reverse when it comes to world trade.

It may be difficult for us to finalize a whole host of trade deals in the midst of an economic crisis like this one, although we have committed to sitting down with our Brazilian counterparts to find ways that we can start closing the gap on the Doha round and other potential trade agreements.

So I'm optimistic that we'll be able to make progress. It may not happen immediately. In the meantime, we just have to make sure that we're sending a message to our respective countries that, ultimately, job growth, income growth, building our way out of this economic crisis doesn't involve trying to draw a fence around each respective country, but we all have to rise together.

President Lula da Silva. Just one thing to mention, there's a certain injustice that you made in your question towards me. Brazil has undertaken an immense effort so that we can reach the Doha round negotiation agreement still during the Bush administration. Why didn't we manage to close the deal if everybody was agreeing to do so and there's only a minor divergence between the U.S. and India?

I imagine that that happened because of electoral reasons. That's why we didn't manage to reach a deal at the Doha round, because Brazil made concessions on industrial products, and Europe and the U.S. almost managed to reach market access on agriculture from emerging—for the emerging markets. And at the end, we stayed only with two issues: one agricultural issue in India, and the other one was the subsidies and the agriculture in the U.S.

I believe that now in the midst of this economic crisis, it's more difficult for us to conclude and reach a deal at the Doha round. But at the same time, I believe that to conclude the Doha round could be one of the components to relieve the poorest or less developed countries in the world vis-a-vis this crisis.

The U.S. and Brazil trade balance is around \$54 billion. The U.S. exports 26 billion to Brazil, and Brazil exports to the U.S. around 28 billion. So it is clear, for the size of the two countries, we don't have much trade flow in our trade balance between the two countries. What is the issue? What happens is that every country just wants to sell. Every country wants to engage in trade surplus. It's a two-way street. It's not possible that can happen in international trade; you sell and buy to keep the balance.

And we need to strengthen this idea because protectionism now, in this moment, in my opinion, would aggravate the economic crisis. If we stop tapping the water in international trade, it's like taking out a fish out of water, and then we'll lack water. So now we have to bring more dynamics—[inaudible]. On the one hand, our domestic economies, and on the other hand we have to help to make more—[inaudible]—credit for trade, for international trade. And I think it's—this is much more than—[inaudible].

I hope that the U.S. and Brazil can mature their thinking and then we can come and arrive on April the 2d in London, and together with other countries we can present to the world a solution. Financial system—yes, it needs regulation; we cannot avoid that. What will be the size of the regulation? Let's discuss it in London. I'm very optimistic.

President Obama. I'm always optimistic, and I've had a wonderful visit with the President, and I'm looking forward to seeing him in Brazil.

President's Visit to Brazil/Brazil-U.S. Relations

Q. When? When?

President Obama. Well, you know, we haven't gotten the date yet. I will tell you that because I'm somebody who grew up in Hawaii, I felt it was very important that I at least go to Rio, where I understand the beaches are pretty nice. [*Laughter*]

Q. Can you start at the Amazon?

President Obama. You know, I would love a trip to the Amazon. I suspect that the Republican Party would love to see me travel through the Amazon and maybe get lost for a while. [*Laughter*] But I'm not sure what——

Q. We won't let that happen.

President Obama. We don't know how long we'll be able to stay, but this will just be the first visit. Hopefully it will be visits that are repeated in the future. So—but we've had a wonderful visit. I can tell that the relationship between our two countries is only going to get stronger.

Thank you. Appreciate it. Thank you, everybody.

NOTE: The President spoke at 12:17 p.m. in the Oval Office at the White House. In his remarks, he referred to Secretary of the Treasury Timothy F. Geithner; Lawrence H. Summers, Director, National Economic Council; Prime Minister Gordon Brown of the United Kingdom; Prime Minister Kevin Michael Rudd of Australia; and Minister of Foreign Relations Celso Luiz Nunes Amorim of Brazil. President Lula da Silva referred to Chancellor Angela Merkel of Germany; former Prime Minister Tony Blair of the United Kingdom, Quartet Representative in the Middle East; and former President George W. Bush. A reporter referred to Premier Wen Jiabao of China. President Lula da Silva and a reporter spoke in Portuguese, and their remarks were translated by an interpreter.

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